

# EXHIBIT 1

## 1 UNITED STATES DISTRICT COURT

## 2 FOR THE DISTRICT OF RHODE ISLAND

3 \* \* \* \* \*

4 THE ESTATE OF  
5 YARON UNGAR, et al  
6 Plaintiff

C.A. No. 00-105 L

7 VS.

PROVIDENCE, RI  
SEPTEMBER 13, 20068 THE PALESTINIAN  
9 AUTHORITY, et al  
10 Defendant

11 \* \* \* \* \*

BEFORE SENIOR DISTRICT JUDGE RONALD R. LAGUEUX

12 APPEARANCES:

## 13 FOR THE PLAINTIFFS:

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## 16 FOR THE DEFENDANT:

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1 MR. STRACHMAN: Your Honor, can I respond?

2 THE COURT: Yes. Well, the Canaan entities are not  
3 parties to this case, and I'll hear whatever arguments you  
4 want to make as a friend of the Court. But what I'm dealing  
5 with here is a defaulted case, and the question is, what form  
6 will the judgment take? And I have limited jurisdiction  
7 because none of those entities are before this Court. The  
8 only jurisdiction I have is over the PA and the PLO, which I  
9 determined a long time ago. So there's certainly a question  
10 about any judgment that I enter in this case as to its  
11 territorial effect. But I'll hear all the arguments that  
12 anybody wants to make on this subject, and I'll make a  
13 determination.

14 MR. STRACHMAN: Thank you, your Honor. I find that  
15 it's -- at the outset, it's somewhat disingenuous that the  
16 party who was here for 4 years of litigation through  
17 8 written decisions and two appeals won't come forward to  
18 recognize the jurisdiction of this Court, won't show up in  
19 court other than to say that they're not arguing, they're not  
20 taking a position. A party that is unrelated to this  
21 litigation, that is really nothing more than a stakeholder,  
22 who came to this Court last year, invoked the Court's  
23 jurisdiction, then after the Court made a ruling, I believe  
24 on the receivership motion, and there was a discussion about  
25 moving to Connecticut with respect to a particular asset, and

1 it's just not right. They're not here. They haven't entered  
2 an appearance. They haven't sought to intervene, and by  
3 agreement all the proceedings that they were involved in, and  
4 the motion that they filed a year ago, over a year ago, was  
5 dismissed. So I'd ask the Court to not to hear from them,  
6 and to not accept letters from them and from friends and  
7 other people who have written letters to the Court in this  
8 case who are not involved in this case, who have tried to  
9 stymie certain rulings that the Court has made, and the  
10 plaintiff's proceedings, and I just think it's inappropriate.  
11 There's no basis for it.

12 THE COURT: Well, I don't decide cases on letters.  
13 And letters are not official. Although I'm putting them in  
14 the file so that everybody will know what these letters are  
15 that are being sent to me. I decide cases based on pleadings  
16 and legal arguments. And although I've read the material, it  
17 doesn't persuade me.

18 I'm satisfied that whatever judgment I enter here  
19 today has no bearing on the Connecticut case. If I enter a  
20 judgment assigning to the plaintiffs all the rights that the  
21 PA has in these two entities, that's the limit of the order  
22 of the Court, the judgment of the Court, then that has to be  
23 executed somewhere where these two entities are doing  
24 business. They're not doing business in Rhode Island. As I  
25 said from the very beginning, there's no way I'm going to

1 supervise the collection of this judgment because there are  
2 no assets in this jurisdiction of the PA and the PLO.  
3 Although they're subject to the jurisdiction of this Court, I  
4 can enter an order such as is proposed here. Really it's a  
5 judgment. I'm entering a judgment on the creditor's bill.

6 MR. STRACHMAN: Could I -- I have a proposed order,  
7 your Honor, I'd like to offer up to the Court.

8 THE COURT: All right. It's absolutely clear that  
9 the PA and PLO have defaulted, and so I am -- it's  
10 unnecessary for me to tell the clerk to enter a default. I  
11 declare a default. And now I will enter judgment for the  
12 plaintiffs against the PA and the PLO.

13 MR. OSWALD: Your Honor, may I be heard very  
14 briefly in response to Mr. Strachman?

15 THE COURT: Yes.

16 MR. OSWALD: Thank you. Your Honor, I'm not here  
17 for the PA. I'm not here for the PLO. I'm not a shill, I'm  
18 not a piggy bank, I'm not any of the things that I've been  
19 accused of being. We have one single interest and that is  
20 the fact that this entity, PIF, has assets in the Canaan  
21 Venture Funds. The order that is being asked for the Court  
22 to enter is not simply an order against the PA and the PLO.  
23 It is an order specifically reaching, applying, and  
24 subjecting to the payment all of the assets held by the PCSC,  
25 which is an entity I don't know about and don't care about,

1 and PIF.

2 THE COURT: That's right.

3 MR. OSWALD: Therefore, it is going -- the piggy  
4 bank analogy that was made, there's a presumption that is  
5 being made there that I don't know whether it was correct or  
6 not, but is going to be decided by the federal court in  
7 Connecticut. Mr. Strachman says here to the Court that the  
8 PIF is the piggy bank for the PLO and the PA. If it is, the  
9 federal court in Connecticut will say so. If it is not, the  
10 federal court will say so. But the order --

11 THE COURT: That's up to the federal court in  
12 Connecticut. I'm doing my business here. The federal court  
13 in Connecticut can do what it thinks is appropriate.

14 MR. OSWALD: We agree completely, your Honor. The  
15 only concern that we have here with the entry of the order is  
16 that it is effectively going to decide the issue. That is,  
17 to decide the issue that PIF is in fact a shill or a piggy  
18 bank for the PA or the PLO. We don't want your Honor's order  
19 to decide that. There's been no evidentiary hearing.  
20 There's been no evidence. The things that Mr. Strachman is  
21 saying certainly are not evidence. That is the very issue  
22 that your Honor directed plaintiffs to have decided down in  
23 Connecticut. That's our sole and only concern here before  
24 the Court.

25 THE COURT: You can make those arguments before the

1 federal judge in Connecticut. What I have authority to do  
2 here is to enter orders against the PA and the PLO. They've  
3 defaulted on this creditor's bill, and I have the power to  
4 enter orders against them. And one of the orders or  
5 judgments that I'm going to enter is that any assets that the  
6 PA owns, or any interest that it owns, in those two entities  
7 is assigned to these plaintiffs. And then you'll have to  
8 deal with them down in Connecticut.

9 MR. OSWALD: So to be clear, your Honor's order  
10 does not go so far as to saying that these entity's assets  
11 are, in fact, the assets of the PLO or the PA? Your Honor is  
12 not deciding the issue that is before the Connecticut court,  
13 is that my understanding?

14 THE COURT: I am deciding that because the PA and  
15 PLO have defaulted. And based on these allegations, I'm  
16 deciding that they have, the PA has interests in these two  
17 entities, and I'm assigning whatever interests they have to  
18 the plaintiffs.

19 MR. OSWALD: I see. If they have an interest, it  
20 is being assigned. But the determination of whatever those  
21 interests are is ultimately being left to the Connecticut  
22 court.

23 THE COURT: Well, the Connecticut court will have  
24 to decide some issues here. I'm deciding that whatever the  
25 PA owns in these two entities is assigned to the plaintiffs.

1 Then the plaintiffs can proceed as they see fit. And you do  
2 what you have to do down there. You're a stakeholder. Your  
3 clients are stakeholders. It shouldn't matter to them who  
4 owns these assets.

5 MR. OSWALD: We just want to know what to do, your  
6 Honor.

7 THE COURT: Right. And the Connecticut court will  
8 decide who owns these assets.

9 MR. OSWALD: Very good.

10 THE COURT: And then you'll pay up.

11 MR. OSWALD: Whatever the Connecticut court  
12 decides, your Honor, we are in lock step with it. We're just  
13 waiting for that decision. Thank you.

14 THE COURT: I can't forecast what the Connecticut  
15 court is going to do. All I can do is deal with what I have  
16 jurisdiction over. And I have jurisdiction over the PA and  
17 the PLO.

18 MR. OSWALD: Thank you, your Honor.

19 THE COURT: And they've defaulted on this  
20 creditor's bill and so I'm going to enter judgment against  
21 them. And that judgment is going to take the form of an  
22 assignment of any rights they have in these two entities to  
23 the plaintiffs. That's what the judgment is going to be in  
24 this case. You agree, Mr. Strachman?

25 MR. STRACHMAN: Yes. I just --. Unfortunately,